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SIPDIS

DEPT FOR NEA/ARP AND S/CIEA DAVID GOLDWYN
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SUBJECT: SAUDI OIL MINISTER OUTLINES KINGDOM'S INTEREST IN
RENEWABLE ENERGY AS PART OF A KNOWLEDGE ECONOMY

Classified By: Ambassador James B. Smith, reasons 1.4 (b and d).

¶1. (C) Summary: Petroleum Minister Ali Al-Naimi told the Ambassador that Saudi Arabia greatly values a strong energy relationship with the United States. He said Saudi Arabia will continue to play a moderating role in international energy markets. The Minister said he is looking forward to the visit of Secretary Chu early next year and is excited about showcasing Saudi Arabia's efforts to promote the growth of a knowledge economy through the King Abdullah University for Science and Technology (KAUST) in Jeddah. Al-Naimi said his ministry is also very focused on the development of solar energy and has set a goal of exporting 8 million barrels a day worth of solar-generated electricity within ten years, to match its current oil production level. Al-Naimi is very interested in fostering greater partnerships with American universities and DOE labs to pursue joint research projects on solar and other forms of renewable energy. The Minister also said the Kingdom is actively working on a civilian nuclear plan through a high-level committee, of which he is a member. End summary.

Call for strong relations with U.S.

¶2. (C) On November 7, Saudi Minister of Petroleum and Mineral Resources Ali Al-Naimi told the Ambassador that Saudi Arabia shares the same outlook as the United States on a number of areas on its energy policy. Al-Naimi said Saudi Arabia is committed to maintaining significant spare oil production capacity and will continue to intervene in international oil markets if they look like they are overheating. Saudi Arabia will also continue to work with the other members to moderate more extreme OPEC views.

¶3. (C) Al-Naimi said Saudi Arabia places great value on a continued strong relationship with the United States on energy issues. In that regard, he said he was pleased to see former Secretary Bodman at the inauguration of the King Abdullah University for Science and Technology (KAUST) and that he is looking forward to the visit of Secretary Chu, which he hoped would take place in January. Al-Naimi told the Ambassador that he is aware of the considerable "rhetoric" in the United States and other areas of the developed world calling for the immediate end of oil dependence. This in turn sets off an important "constituency" in Saudi Arabia, which Al-Naimi says complains that "the world does not want Saudi oil," which casts in doubt the Kingdom's plans to maintain expensive spare production capacity. Nevertheless, Al-Naimi said he is not himself bothered by what people say because he is confident that the world will continue to need Saudi Arabia's energy for some considerable time to come, a commitment Saudi Arabia is determined to meet. In that regard, he said the Kingdom

will continue to look for ways to increase its reserves, and he praised efforts like those of Chevron to apply new technology to produce previously unavailable resources, like heavy oil in the neutral zone (septel).

Focus on solar

14. (C) Al-Naimi said that he and his ministry were following two big initiatives, the first is promoting solar energy, and the second is promoting a knowledge economy in the Kingdom. Al-Naimi described several initiatives the Kingdom is pursuing on solar. The Ministry of Petroleum is working with Saudi Aramco and its partner Shell in their joint venture in China to stand up a 10 Megawatt solar powered electricity plant. In addition, KAUST is also sponsoring significant research on solar energy, focused on improving the efficiency of solar panels and solving transmission problems that impede the commercialization of solar, particularly through improvements in nanotechnology. Al-Naimi said that he very much wants to show Secretary Chu what Saudi Arabia and KAUST are doing, particularly noting the strong research partnerships they have in place with primarily American universities, including Stanford, U.Cal-Berkeley, Texas A and M, Cornell, and MIT. Al-Naimi is interested in discussing the possibilities of joint DOE-Saudi research projects.

Fueling the knowledge economy

15. (C) KAUST, with significant support from the Ministry of Petroleum, is also working on three areas that will help

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advance the knowledge economy in Saudi Arabia: energy; food; and climate. Besides its work on solar, KAUST is also working on ethanol made by capturing CO2 and inserting it into seawater to foster the growth of algae, which can produce both food and energy. This research has two practical goals. The first is to transform the wheat genome to develop a strain that can grow in the brackish Red Sea. The second is to generate sufficient solar energy in Saudi Arabia to match the current level of oil exports (i.e., 8 million barrels a day worth of BTUs) within ten years. One goal is to produce electricity for neighboring countries. Al-Naimi said that Saudi Arabia had evaluated closely other renewable forms of energy, such as wind, and determined that solar had the greatest potential.

16. (C) Al-Naimi said that KAUST was already having an important impact in transforming Saudi Arabia into a knowledge economy by influencing other leading Saudi universities such as King Saud University, which have been forced to focus on research that can foster more practical applications. He forecast that KAUST would continue to drive this process of change, including through the deliberate link up of technology and the creation of new industrial parks. Al-Naimi will preside over the inauguration of KAUST's industrial park on November 8. He noted with pride that companies like Dow had already made significant commitments to foster research, including Dow's decision to build its biggest research lab in the Middle East at KAUST.

Nuclear energy

17. (C) Al-Naimi told the Ambassador that the Saudi Arabian Government is "actively working" on evaluating options for nuclear power in the Kingdom. Al-Naimi added that he is a member of a committee that is studying it, although he does not chair it.

Bio note

18. (C) Al-Naimi affably noted to the Ambassador that he has

come a long way from his humble beginnings. He spent the first eight years of his life with his Bedouin mother in the desert in Saudi Arabia's Eastern Province, who was divorced by his father while she was pregnant with him. At eight, his mother decided to send Al-Naimi to Dammam to get to know his father. His older brother convinced him to attend his first school, which was on the Aramco compound in English. By 12 (in 1947), he had become an office boy in Aramco, taking over after his brother's sudden death. After progressing through the ranks to become a star typist, he asked for training as a geologist, which Aramco provided, first in the Kingdom, then high school in Lebanon, and then for graduate school at Lehigh and Stanford. Al-Naimi progressed steadily through the Aramco ranks, becoming its first Saudi CEO. He quipped that he found out he had been named Petroleum Minister while fly fishing in Alaska. Al-Naimi speaks fluent English, and is deeply committed to supporting the development of the Kingdom's knowledge economy, particularly through his position as chairman of the board of KAUST.

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